

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4340-01
Bill No.: HB 1662
Subject: Banks and Financial Institutions: Economic Development; Revenue Dept;
Taxation and Revenue - Income
Type: Original
Date: February 18, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
General Revenue	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)
Total Estimated Net Effect on <u>All</u> State Funds	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Secretary of State** indicated this proposed legislation would have no fiscal impact on their agency.

Officials from the **Department of Revenue - Division of Taxation and Collections (DOR)** stated that this proposal removes the annual certification process for election of income tax computation for investment fund service corporations and sub-chapter S corporations. Since it is unknown how many entities would be affected, DOR could make no estimate of fiscal impact, either negative or positive.

Officials from the **Department of Economic Development - Division of Finance (DED-FIN)** stated that this proposal does not add new income apportionment elections; it simply repeals by implication the annual review process and entitles companies to take the income apportionment election. DED-FIN assumes this proposal would have no discernible effect on state revenue.

In response to an identical proposal, officials from the **Office of Administration - Division of Budget and Planning (BAP)** indicated there would be no additional costs or savings to the Office of Administration. BAP officials do estimate the proposal could decrease state revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
GENERAL REVENUE			
<u>Loss - Reduction in Corporate Income Tax Paid</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>	<u>(UNKNOWN)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small business could be impacted due to possible change in corporate income tax.

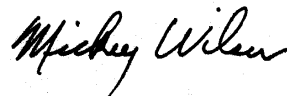
DESCRIPTION

This proposed legislation specifically applies the separate multistate income calculation set forth in subdivision 5 of subsection 2 of Section 143.451, RSMo, to investment fund service corporations and sub-chapter S corporations. That subdivision considers qualifying sales of such corporations to be considered wholly within Missouri only to the extent that the fund shareholders of the investment companies reside in Missouri.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development
 Division of Finance
Office of Secretary of State
 General Counsel
Department of Revenue
 Division of Taxation and Collections
Office of Administration
 Division of Budget and Planning



Mickey Wilson, CPA
Acting Director
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